July 13, 2009
Agenda Item 4.3.1

METROPOLITAN
TRANSPORTATION
COMMISSION

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# *Memorandum*

TO: Partnership Board

DATE: June 23, 2009

FR: Alix Bockelman

W. I.

RE: New Federal Transportation Act—Framework and Schedule for Cycle Programming (STP/CMAQ)

**Background**

The region has programmed all of its expected Safe, Accountable, Flexible and Efficient Transportation Equity Act (SAFETEA) apportionment and we are in the final fiscal year of the act. As the region faces the close of SAFETEA ending on September 30, 2009, an expeditious approach is called for to provide an overall architecture to guide upcoming programming decisions for the new surface transportation act funding (New Act). Below is a programming summary for SAFETEA discretionary funding in the MTC Region to provide a historical context:

**MTC's SAFETEA Final Programming Policies**
**Fiscal Years 2003/04 through FY 2008/09**
(STP/CMAQ Funding in Millions $)

| Programming Categories | 1st Cycle | 2nd Cycle | 1st Cycle Bonus | 3rd Cycle | 3rd Cycle Bonus | Total | Share |
|---|---|---|---|---|---|---|---|
| Regional Operations | $64 | $56 | | $45 | | $165 | 17% |
| Planning Activities | $8 | $9 | | $13 | | $30 | 3% |
| Transit Capital Shortfall | | $55 | $22 | $64 | | $141 | 15% |
| LS&R Shortfall | | $57 | $23 | $66 | | $146 | 15% |
| Clean Air | $38 | $9 | | $17 | | $64 | 7% |
| TLC/HIP/SAP | | $24 | | $57 | $13 | $94 | 10% |
| Regional Bike/Ped. | | $8 | | $24 | | $32 | 3% |
| STIP Backfill | | $62 | $55 | | | $117 | 12% |
| TEA-21 OA Carryover | $92 | | | | | $92 | 10% |
| Other* | $1 | $3 | $7 | | $60 | $70 | 7% |
| **TOTAL Programming:** | **$203** | **$283** | **$107** | **$286** | **$72** | **$951** | **100%** |

*Other includes investments in System Management, Lifeline, Safety/Access, and Transit Expansion.

While the exact fund program categories in the new authorization are not yet known, it is anticipated that the future funding programs will overlap to a large extent with projects that are currently eligible for funding under Title 23 of the United States Code. Furthermore, we expect that the next one or two years of funding most likely will be authorized through an extension of the current act and its programs.

The starting point for making New Act funding decisions should be guided by Transportation 2035, which was adopted by the Commission in April, with an eye toward strategic delivery of these investments. The plan provides a critical backdrop for setting priorities for New Act funding. In particular, Transportation 2035 stressed investments for federal Surface Transportation Program and Congestion Mitigation and Air Quality (STP/CMAQ) funding in the following areas:

- Ongoing commitments to system maintenance and preservation;
- Climate Initiatives;
- System operations on the State Highways;
- Bicycle/pedestrian programs;
- Transportation for Livable Communities (TLC); and
- Continuation of Regional Operations programs such as 511 and TransLink®.

**Recent Programming Activities**

Under the American Recovery and Reinvestment Act of 2009 (ARRA) roughly $660 million of funding was made available to MTC to fund critical transportation needs in the Bay Area, which could be implemented quickly with the objective of jumpstarting the economy. The following ARRA investment actions provide a necessary context for informing policy decisions on funding going forward.

1. ***System Preservation:*** State and Regional ARRA funds have in large part been used to address System Preservation needs for transit and streets and roads as identified in Transportation 2035. $145 million has been programmed to streets and roads rehabilitation projects and $286 million has been programmed to transit rehabilitation projects.
2. ***Safety and Freeway Performance Initiative projects:*** ARRA included $32 million for cost-effective and timely system operations improvements.
3. ***Transit Expansion:*** $70 million kick starts the Oakland Airport Connector, a key regional transit connection and an MTC Resolution 3434 priority.
4. ***Advance Proposition 1B to Construction:*** $105 million funds are being directed to close funding gaps in the Proposition 1B program to allow ready-to-go stalled projects to move forward. With this funding MTC is further leveraging state funds to deliver the SR-24 Caldecott Tunnel Fourth Bore. The $105 million will be available for other projects once state bonds are sold to repay MTC's advance.
5. ***SMART Highways:*** $14 million delivers two elements of the Bay Area Regional Express Lane network: the Alameda I-580 EB Express Lane element and the Santa Clara SR-I 880/SR 237 Express connector.
6. ***Transportation Enhancements:*** The region programmed $9.6 million of ARRA funding within the transportation enhancements (TE) program on existing bicycle and pedestrian

projects. After advancing a regional investment for US 101 in Belmont, $7.5 million will be available in State TE funding for future projects.

A closely timed action was a February 2009 agreement by MTC to enter into a private placement bond purchase to keep $200 million in Proposition 1B highway projects in construction in Solano, Alameda, and Sonoma counties.

## Funding Estimate

As noted above, without a New Federal Transportation authorization or even a proposed bill, MTC can only make preliminary estimates of revenues. Therefore, as in the past, we will have to reconcile revenue levels following enactment of a New Act, and also address any changes in eligibility of revenue categories. That being said, STP/CMAQ revenue is estimated at roughly $1 billion over the New Act, assuming a 4% growth rate, consistent with projections for T2035.

However, the region's overall capacity to address priority investment categories in the first few years of our T2035 plan extend beyond just the New Act's STP/CMAQ programming estimate. Given the recent ARRA funding actions discussed below, the region will also have $105 million Regional Transportation Improvement Program/ Corridor Mobility Improvement Account (RTIP/CMIA) bond funding capacity as well as $7.5 million in Transportation Enhancements for programming consideration. Attachment A summarizes both the ARRA programming as well as the estimated funding to be discussed as part of the New Act programming. All told, roughly $1.1 billion will be part of the New Act programming framework discussion. MTC staff would recommend that we consider the funding in two tranches: 1) ARRA Backfill ($113 million) and First Cycle (first three-years of the New Act, or FY 2009-10 to FY2011-12); and 2) Second Cycle (last three-years, or FY 2012-13 to FY 2014-15).

It is also important to note that, while the region is initially developing an overall conceptual 6-year New Act framework, in September staff will be requesting that the Commission adopt only the first three-year period of funding (Cycle 1 and ARRA Backfill). This will give the region the opportunity to revisit the final three years of programming in approximately two years, allowing at that time a consideration of new developments in revenue and individual program issues, as well as any new programming opportunities in the New Act.

## STP/CMAQ and ARRA Backfill Proposal and Issues

As noted at the outset, the primary starting point for programming STP/CMAQ funding is Transportation 2035, remembering however, that the Plan is not a strict programming document per se. Programming policies should also provide flexibility to address changing funding constraints and opportunities. For reference, Transportation 2035 generally assumed the following percentages for the core programs for the first six years of STP/CMAQ funding after funding on-going and statutorily required programs, and also considering the RTP assumptions of front loading a significant amount of climate change efforts.

| T 2035 Core Programs | | | |
|---|---|---|---|
| 5 | Focus 1 | Freeway Performance Initiative (FPI) | 12% |
| 6 | Focus 2 | Climate Initiatives | 31% |
| 7 | Focus 3 | Regional Bicyle Program | 7% |
| 8 | Focus 2 | Transportation for Livable Communities (TLC) | 16% |
| 9 | Focus 3 | Transit Capital Rehabilitation | 14% |
| 10 | Focus 3 | Regional Streets and Roads Rehabilitation | 20% |
| Total | | | 100% |

The MTC staff proposal, Attachment A presents the outlay of STP/CMAQ and ARRA Backfill funds during the New Act six-year period. The staff proposal deviates somewhat from the percentages in the table for the reasons in the section discussing policy issues. ***The proposal also does not reflect any adjustments that may be necessary to address funding timing and eligibility restrictions.***

The MTC proposal addresses each of the stated programming principles noted below:

- **Maintain critical on-going programs:** The starting point is the continuation of fundamental programs which have critical funding needs in Cycle 1. These include planning activities, regional operation programs, Pavement Technical Assistance Program (PTAP), and statutorily required Federal – Aid Secondary (FAS) investments. Additionally, any required payback to the State of borrowed Obligation Authority should be considered a first priority.
- **Seize opportunity to deliver system-wide improvements:** A key goal is to make transportation investments that effectively address challenges such as congestion and air quality emissions in a cost effective manner. In this area, a key funding priority identified in the Transportation 2035 Plan is the Freeway Performance Initiative (FPI), a ready-to-go, cost-effective, high performing program. This program addresses traffic congestion on State highways throughout the Bay Area.
- **Fund core Transportation 2035 categories**: Establish a framework for funding other Transportation 2035 programs such as System Preservation (Streets and Road, and Transit), Climate Initiatives, Transportation for Livable communities, and Bike and Pedestrian Projects. Consider that additional startup time is needed to establish the newly revised TLC Program and Climate Initiative programs. Establish an appropriate level and sequence of the funding by considering both ARRA and STP/CMAQ capacity.
- **Direct some ARRA backfill capacity to strategic investments and regional commitments:** Nearly 80% of the Regional ARRA funds were invested in system preservation. The subsequent additional State ARRA increment included some key strategic investment recommendations and took advantage of significant leveraging of State funds to deliver projects such as the Caldecott Tunnel as well as providing additional funding to system preservation needs. Staff recommends that the capacity from the ARRA backfill focus on complementary areas to those from ARRA such as freight/goods movement, transit efficiency, system management, and regional commitments.

**Policy Issues**

The staff proposal for a New Act program requires that the Commission consider and balance a number of policy issues:

1. **Accelerate FPI**: The deployment of the Freeway Performance Initiative Program is a noteworthy investment in the Bay Area in that it preserves and optimizes the use of the existing capacity on the state highway system. As stewards of the regional transportation system, it is prudent that transportation stakeholders in the region work together to ensure that our investments in highway capacity are well managed. Along with protecting these investments, the FPI would provide additional benefits such as enhanced mobility and reductions in air pollution. Furthermore, during the development of T2035, MTC staff conducted evaluations to measure benefit and effectiveness of various project investments, and concluded that the FPI program earned the highest marks in areas such as the benefit/cost ratio in reducing congestion and CO2 emissions. Refer to Attachment B illustrating RTP investments and their evaluation outcomes for comparisons across project categories.

   Attachment C summarizes the specific projects proposed under the Freeway Performance Initiative. The recommended approach would be to advance FPI into Cycle 1, so that traffic management systems could be operational in time to address expected higher levels of congestion in subsequent years, once the economy begins its recovery. The trade-off is that jumpstarting FPI results in a partial delay in funding for rehabilitation projects. ARRA provided critical investments in these areas ($145M for streets and roads, and $286M for transit). The Commission will have to balance these priorities, taking into consideration recent proposals by the state to cut gas tax subvention funding for streets and roads as well as State Transit Assistance funding for transit.

   For streets and roads, while the need for funding increases as a result of the state actions so does the challenge of project delivery given that much of the gas tax subvention funding is to fund staff and operations – expenses that may not align well with federal fund eligibility or the Transportation 2035 investment objective to improve pavement condition.

   For transit, staff's assessment of 10-year needs and revenues show that federal formula funds exceed capped needs through FY2013. At that time, vehicle needs – such as the BART, Caltrans, and SFMTA trolley car replacements – spike and needs outstrip available revenues. Therefore, staff's recommendation with respect to jumpstarting FPI in Cycle 1 may not have a material impact on transit rehabilitation project delivery.

2. **Spread Out the Climate Initiative Program Funding Commitment**: The Commission has earmarked $400 million to the Climate Initiative Program in Transportation 2035, which assumes that this campaign would be frontloaded within the initial five years of the T2035 planning horizon. If New Act discretionary funding were to be programmed in lockstep with the Plan, over one third of all funding would be dedicated to this program leaving significantly lower levels of funding to continue the annual programs, to fund other T2035 core programs and to make strategic investments. An alternative approach proposed here is a more gradual ramping up of

the Climate Initiative campaign, to provide needed funding capacity to address all-around program needs during the six-year New Act.

3. **Project Delivery:** The continued economic crisis is straining the ability of local jurisdictions, and even Caltrans, to maintain current staffing levels. This could significantly impact the ability of agencies to deliver the additional influx of funding in the near term for some types of projects, such as Local Streets and Roads, Freeway Performance Initiative, and Climate Initiatives. Further, because the Climate Initiative program is new, it will take additional time to ramp up. As noted earlier, transit vehicle needs spike during Cycle 2. The ability for projects to be delivered in a timely manner should factor into the decision of the sequencing of program funding.

4. **Direct ARRA Backfill Priorities to Non-Core Program Needs:** While supporting T2035 core programs, effective funding decisions need to be strategic, responding to and seizing on opportunities to deliver system-wide improvements as well as to address critical projects that might be postponed during budget crises. For example, the region has directed STP (STIP Backfill) and American Recovery and Reinvestment Act of 2009 (ARRA) funds to jumpstart construction projects when state funds were not immediately available. The latter backfill action will provide the region with funding capacity (STIP, CMIA, and TE) funds during the Cycle 1 time frame to fund "ARRA Strategic Investments." They address important transportation needs consistent with broader objectives in T2035 by tackling important and pressing transportation problems in the Bay Area.

5. **PDA Based Funding Decisions**: In Transportation 2035, the Commission's transportation/land use and climate change policies seek to align "focused growth" land use principles and actual transportation investments. As part of the ARRA program adoption last February, staff was directed to begin developing a priority development area (PDA) investment strategy in advance of a completed Authorization. As it relates to the New Act programming, staff is recommending the following:

   - ***Transportation for Livable Communities:*** All TLC projects are to be located in priority development areas with additional weighting and scoring depending on whether the projects are in planned or proposed PDAs and based on proposed development intensity.

   - ***Climate Change:*** The Air District and MTC described several possible elements of a Climate Change Program for the T-2035 Plan; however, details of the program have not yet been fully defined. Possible elements include, but may not be limited to: alternative fuel infrastructure network, Safe Routes to School/Transit, transit priority measures and outreach/incentives programs. Capital projects funded by the Climate Change Program would be given priority if they are in planned PDAs, with additional weight being given to projects that are in higher intensity development and in close proximity to transit.

   - ***Rehabilitation – Streets and Roads and Transit:*** Based on staff analysis, the current distribution formula already prioritizes funding for local jurisdictions that are considered high-intensity PDAs. As a reminder, the current allocation formula contains four factors, weighted 25% each, including population, lane mileage, arterial and collector shortfall, and preventive maintenance performance. The latest addition of population and lane mileage to the allocation formula adds additional emphasis for PDAs. However, one proposed change for program administration is that the CMAs be required to use the regional formula for streets and roads distribution within the counties – which tends to favor PDAs – unless they can demonstrate that an alternative distribution is being used to give more preference to PDAs, or there are unique delivery considerations.

**Program Administration**

Critical to the proposed programming framework is the administration and project selection for the program areas. The staff proposal identifies a lead agency for administration in each program area. In general, MTC is proposing to be the lead for program areas of regional scope or with a network impact and is proposing that the Congestion Management Agencies be the lead for programs with a local/community focus.

Further, in response to stakeholder comments, MTC is proposing to bundle some programs as noted above into "PDA block grants" to allow more flexibility and strategic project delivery on the part of the counties. This framework would allow some flexibility on the part of counties in terms of the final amount programmed within each category, recognizing unique county transportation needs. Discrete program category targets would be established, with allowable margins of deviation, for the bundled programs. The intended result would be a more synergistic approach to CMA project selection and delivery using a variety of T2035 core funded programs. Ultimately it is hoped that this approach would lead to larger, more effective, and multi-modal projects that would promote a wide spectrum of planning goals. Also it is envisioned that CMAs would coordinate their decisions with the MTC managed programs such as the TLC and Climate Initiative programs. Lastly, MTC is proposing that CMAs be required to submit a strategic plan by January 1, 2010 that identifies the milestones for making project selection decisions and how outreach will be accomplished with cities to further priority development area goals.

The following table summarizes this proposed framework.

| Transportation 2035 Core Programs | Manager | PDA Block Grant |
|---|---|---|
| Freeway Performance Initiative (FPI) and the Regional Signal Timing Program. | MTC, Caltrans and CMAs | |
| Climate Initiatives<br>▪ Transit Priority Measures<br>▪ Electric Vehicle Infrastructure (EVI)<br>▪ Safe Routes to Schools<br>▪ Safe Routes to Transit<br>▪ Outreach/Incentives | MTC and Bay Area Air Quality Management District | |
| Climate Initiatives<br>▪ E. Solano CMAQ | Solano Transportation Authority | Yes |
| Regional Bicycle Program | CMAs | Yes |
| Transportation for Livable Communities (TLC) – Regional | MTC | |
| Transportation for Livable Communities (TLC) – County | CMAs | Yes |
| Regional Streets and Roads Rehabilitation | CMAs | Yes |
| Transit Capital Rehabilitation | MTC | |

## Program Category Information

Attachment D provides information on each of the programming categories.

## Schedule

Below is a summary of the schedule for the development of Cycle 1 funding for the New Act. The proposal will be developed in concert with the Bay Area Partnership, MTC advisory committees, and other stakeholders during the summer months. In September, staff expects to take a final proposal to the Programming and Allocations Committee with a recommendation for MTC adoption. Funding would be available for obligation in late October 2009 following the release of FY 2009-10 apportionments.

## New Act STP/CMAQ Cycle Programming Outreach Schedule

| Date | Committee | Action |
|---|---|---|
| May | | |
| 18 | Partnership Technical Advisory Committee | Present Framework |
| June | | |
| 3<br>4<br>9<br>10<br>12<br>15<br>15<br>23 | Transit Fund Working Group<br>Elderly and Disabled Advisory Committee<br>Minority Citizens Advisory Committee<br>Advisory Council<br>Local Streets and Roads Working Group<br>Program Delivery Working Group<br>Partnership Technical Advisory Committee<br>Partnership Board | Present Framework to Advisory Committees and Working Groups leading up to a presentation of a draft proposal to the Partnership Board |
| July | | |
| 1<br>2<br>**8**<br>8<br>10<br>14<br>20<br>20 | Transit Fund Working Group<br>Elderly and Disabled Advisory Committee<br>**Programming Allocations Committee**<br>Advisory Council<br>Local Streets and Roads Working Group<br>Minority Citizens Advisory Committee<br>Program Delivery Working Group<br>Partnership Technical Advisory Committee | Draft Proposal revised as needed. Draft Final Proposal developed after PTAC to be taken to PAC/Commission in September. |
| September | | |
| **9**<br>**22** | **Programming Allocations Committee**<br>**Commission Approval** | **Adoption of Cycle 1 and New Act Framework / TIP Amendment** |

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## Attachment A

### New Transportation Authorization Act-- STP/CMAQ with ARRA Backfill Outlay
### MTC Staff Proposal
(amounts in $ millions)

| # | | STP & CMAQ Total | Committed ARRA Programming | ARRA* Backfill | STP/CMAQ Cycle 1 | STP/CMAQ Cycle 2 | ARRA Backfill & STP/ CMAQ Total |
|---|---|---|---|---|---|---|---|
| | | | 08/09 | 08/09 | 09/10 - 10/11 - 11/12 | 12/13 - 13/14 - 14/15 | 09/10-14/15 |
| Estimated Apportionment Revenues | | | 662 | 113 | 485 | 546 | 1,144 |
| **Annual Programs** | | | | | | | |
| 1 | Required | SAFETEA OA Carryover | | | 68 | | 68 |
| 2 | On-Going | Regional Planning | | | 23 | 25 | 48 |
| 3 | On-Going | Regional Operations | | | 84 | 74 | 158 |
| 4 | On-Going | Regional Streets and Roads - PTAP & FAS | | | 22 | 6 | 28 |
| **T 2035 Core Programs** | | | | | | | |
| 5 | Focus 1 | Freeway Performance Initiative (FPI) (incl ARRA) | 19 | | 136 | 86 | 222 |
| 6 | Focus 2 | Climate Initiatives (incl ARRA - TE) | | | 32 | 36 | 68 |
| 7 | Focus 2 | Regional Bicycle Program | 10 | 8 | 14 | 21 | 42 |
| 8 | Focus 2 | Transportation for Livable Communities (TLC) | | 15 | 57 | 98 | 169 |
| 9 | Focus 3 | Transit Capital Rehabilitation (incl ARRA Sys Pres) | 286 | | | 115 | 115 |
| 10 | Focus 3 | Regional Streets and Roads Rehabilitation (incl ARRA Sys Pres) | 145 | | 50 | 85 | 135 |
| **Total** | | | 461 | 22 | 485 | 546 | 1,053 |
| | | | | | | | |
| **ARRA Strategic Investments** | | | | | | | |
| 11 | | Safety Projects (Vasco Road and North Bay counties) | 13 | | | | |
| 12 | | Express Lane Network (580 and 237/880) | 14 | | | | |
| 13 | | Transit Expansion (Oakland Airport Connector) | 70 | | | | |
| 14 | | Advance Prop 1B Construction (Caldecott Tunnel) | 105 | | | | |
| 15 | | Corridor Mobility (SCL I/C Imps) | | 32 | | | 32 |
| 16 | | MTC Res 3814 Transit Payback Commitment | | 31 | | | 31 |
| 17 | | Transit Efficiency (SFgo) | | 20 | | | 20 |
| 18 | | Trade Corridor (Richmond Rail Connector) | | 8 | | | 8 |
| | | | | | | | |
| **Total** | | | 201 | 91 | | | 91 |

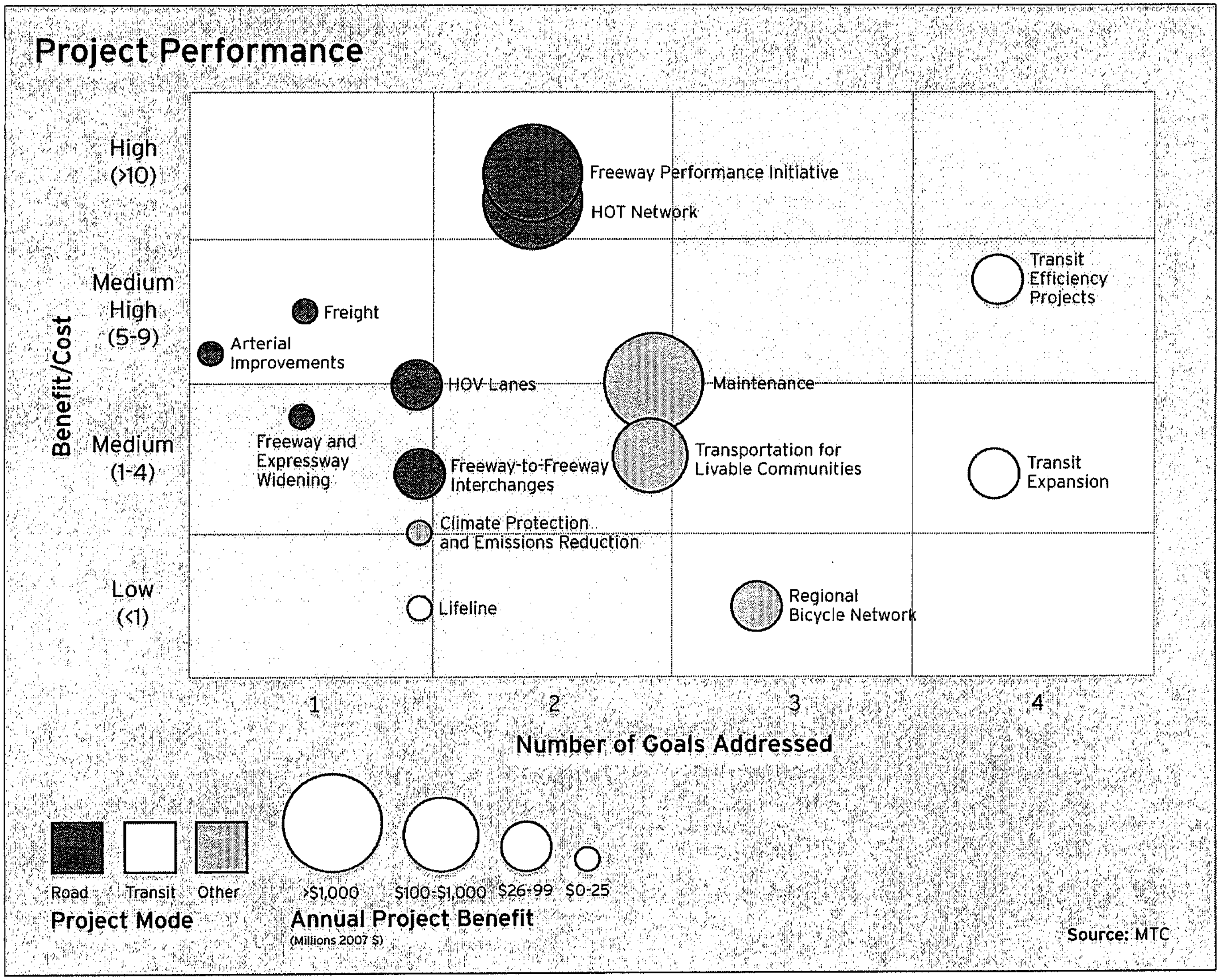
* $112.5 M in ARRA Backfill is included within the $661.9 M ARRA Programming Amount ($105 M for Caldecott Tunnel and $7.5M for TE)

| | Committed ARRA Programming | ARRA* Backfill | STP/CMAQ Cycle 1 | STP/CMAQ Cycle 2 | ARRA Backfill & STP/ CMAQ Total |
|---|---|---|---|---|---|
| **Grand Total** | 662 | 113 | 485 | 546 | 1,144 |

Notes

Note that the proposal does not reflect any adjustments that may be necessary to address funding timing and eligibility restrictions.

## Attachment B: Transportation T 2035 Project Evaluation Results*




**Transportation 2035 Performance Assessment Report*, December 2008

Attachment C

# Freeway Performance Initiative Project List

(millions $)

## PRIOR AARA COMMITMENTS

| | Caltrans EA | Route | Location | Description | Capital costs | Support costs | Total Cost | Commited ARRA | Cumulative ARRA Funds |
|---|---|---|---|---|---|---|---|---|---|
| | 15130 | SCL 280 | SB; Menker to 11th | 8 Ramp Meters (RMs) | $5.0 | $2.0 | $7.0 | $7.0 | $7.0 |
| | 15034 | SCL 280 | NB; Vine to Leland | 7 RMs | $3.4 | $1.6 | $5.0 | $5.0 | $12.0 |
| | 15340 | SM 280 | SB; Route 1 to Route 380 | 9 RMs | $4.9 | $2.1 | $7.0 | $7.0 | $19.0 |

Committed ARRA Subtotal $19.0

## NEW ACT CYCLE 1 (FY 09/10 - FY 11/12)

| # | Caltrans EA | Route | Location | Description | Capital costs | Support costs | Total Cost | Funding Request* | Cumulative Request |
|---|---|---|---|---|---|---|---|---|---|
| - | - | - | signal timing & performance monitoring | | | | | $4.5 | $4.5 |
| 1 | 15113 | ALA 580 | Route 880 to SJ co. line | 25 RMs + 69 TOS elements | $13.8 | $6.7 | $20.5 | $17.1 | $21.6 |
| 2 | 15270 | CC 4 | Route 680 to Route 160 | 4 RMs + 40 TOS elements | $7.8 | $4.1 | $11.9 | $9.9 | $31.5 |
| 3 | 15300 | ALA 92 | EB; SM Bridge to Route 880 | 7 RMs | $4.3 | $3.1 | $7.4 | $5.9 | $37.4 |
| 4 | 15320 | SCL 680 | Route 101 to ALA co. line | 32 RMs + 23 TOS elements | $20.7 | $4.3 | $25.0 | $22.9 | $60.2 |
| 5 | 15310 | ALA 680 | CC co. line to SCL co. line | 30 RMs + 67 TOS elements | $27.1 | $5.2 | $32.3 | $29.7 | $89.9 |
| 6 | 15148 | ALA 880 | Davis St to SCL co. line | 8 RMs + 60 TOS elements | $10.0 | $4.8 | $14.8 | $12.4 | $102.4 |
| 7 | 15330 | SCL 101 | 101/85 IC south to SBT co. line | 27 RMs + 46 TOS elements | $19.8 | $5.3 | $25.1 | $22.4 | $124.8 |
| 8 | 15420 | SCL 85 | Route 280 to Route 101 | 14 RMs + 14 TOS elements | $9.5 | $3.8 | $13.3 | $11.4 | $136.2 |

Cycle 1 Subtotal $136.2

## NEW ACT CYCLE 2 (FY 12/13 - FY 14/15)

| | Caltrans EA | Route | Location | Description | Capital costs | Support costs | Total Cost | Funding Request* | Cumulative Request |
|---|---|---|---|---|---|---|---|---|---|
| - | - | - | signal timing & performance monitoring | | | | | $4.5 | $140.7 |
| 9 | 15160 | MRN 101 | Golden Gate Bridge to SON co. line | 43 RMs | $23.7 | $4.1 | $27.8 | $25.8 | $166.4 |
| 10 | TOS22 | SOL 80 | Carquinez Bridge to Yolo co. line | 61 RMs + 150 TOS elements | $46.9 | $17.4 | $64.3 | $55.6 | $222.0 |

Cycle 2 Subtotal $85.9

GRAND TOTAL $241.0

* Funding requests for FPI projects include 100% of capital costs and 50% of support costs.

## Attachment D

# Program Category Information

- *SAFETEA Obligation Authority (OA) Carryover ($70M):* This is a required OA payback, which reduces programming capacity to other programs. As the MTC region enters the New Act with a carryover of $70 million, it remains uncertain how soon this OA payback would be requested by Caltrans, depending on OA used by other regions in the State. It is noteworthy, that MTC's ability to obligate quickly in the earlier years could be viewed as beneficial by Caltrans, allowing later payback of OA. In any event, it is prudent to anticipate payback during Cycle 1. As noted in the SAFETEA summary, the region had to address over $90 million in OA carryover during the current Act.
- ***Regional Planning ($48M)***: Provide funding to Congestion Management Agencies (CMAs), Association of Bay Area Governments (ABAG), the San Francisco Bay Area Conservation and Development Commission (BCDC), and MTC to support planning activities in the region. Funding levels reflect the Transportation 2035 commitment level by escalating at 4% per year from the base amount of $6.9 M in FY 2008-09. There are ongoing discussions regarding higher levels of funding, which will depend on the assignment of additional planning and program management responsibilities over the New Act period.
- ***Regional Operations ($158M)***: Funding to continue regional operations programs over the New Act period including TransLink®, 511, and Incident Management. In order to compensate for the elimination of STA funding to the Regional Operations Programs, an increment of $2.5 million has been added, as compared to Transportation 2035 assumptions, to underwrite MTC staff costs through FY 2012/13. However, for the subsequent years Regional Operations program funding needs should be revisited when the Commission considers Cycle 2 commitments, depending on the State of California fiscal situation.
- ***Pavement Technical Assistance Program (PTAP) and Federal Aid System Commitments ($28M)***: With the passage of ISTEA and the dissolution of the Federal Aid Urban/ Federal Aid Secondary (FAU/FAS) programs, California statutes guarantee the continuation of minimum funding to Counties, covering their prior FAS shares. We are proposing to take this amount of $15 million off-the-top for the streets and roads rehabilitation program at the outset of Next Act programming. Also, PTAP ($7 million per cycle), similar to MTC's regional operations programs requires uninterrupted funding to continue the program, which includes $1.5 million per cycle to underwrite MTC costs to administer the program.
- ***Freeway Performance Initiative ($222M)***: Attachment C summarizes the specific projects proposed under FPI. Major benefits would accrue to the Bay Area expediting the implementation of the Freeway Performance Initiative, emphasizing the delivery of ramp metering projects on the State Highway System throughout the Bay Area Region. For nearly two years, MTC staff has been working together with Caltrans and the CMAs to develop a list and sequencing of projects, which will be finalized shortly. The performance assessment undertaken during the development of T2035 confirmed that FPI fell into the highest tier of beneficial projects, which include cost effectiveness, congestion relief and air quality reduction. In order for the region to take advantage of this opportunity, other investment categories would generally be deferred to later years, allowing the FPI to be delivered in the first years of the New Act. Also this category includes $1.5 million per year, for a total of $9

million for performance monitoring activities during the New Act including the Regional Signal Timing Program and TOS.

- ***Climate Initiatives ($68M):*** Project components include providing a match to the Electric Vehicle (EV) Infrastructure Project and funding the Safe Routes to Schools, Safe Routes to Transit, Transit Priority Measures (TPM), and Outreach/Incentives programs. This initiative also provides $6 million during the New Act for the Eastern Solano CMAQ Program, to acknowledge CMAQ funds coming to MTC that are within the Sacramento Metropolitan Air Quality Management District's air basin encompassing Eastern Solano County.
- ***Regional Bicycle Program ($42M)*:** This is a continuation of the Regional Bicycle Pedestrian Program which under T2035 will be applied to building the Regional Bicycle Network. This category also includes $8 million for new projects as a result of advancing previously funded transportation enhancement (TE) funding.
- ***Transportation for Livable Communities (TLC) ($169M)*:** $72 million is provided in Cycle 1 to allow for a TLC pilot program to launch a new approach based on discussions with our partners and stakeholders. In July, the Planning Committee will be reviewing several elements for the next TLC funding cycle. Areas under consideration include (1) the use of TLC funds to incentivize development in Priority Development Areas, (2) the size of TLC grants, (3) a menu of eligible program categories, including streetscapes (current program eligibility), as well as several new categories: non-transportation infrastructure, transportation demand management, and density incentives such as land banking or site assembly, and (4) the split between the regional and local funding. Following input from the Planning Committee, MTC advisors, and regional stakeholders, staff will return to the Planning Committee in September for approval of the next TLC funding cycle.
- ***Transit Capital Rehabilitation Shortfall ($115M)*:** This program will continue to address transit capital shortfalls in the region as identified in the Transportation 2035. The program objective, as in the past, is to assist transit operators to meet major fleet replacement needs.
- ***Local Regional Streets and Roads Rehabilitation ($135M)*:** This program addresses rehabilitation shortfalls on the regional local streets and roads network. Note that an additional $28M (See the PTAP/FAS category above) would be applied to regional streets and roads rehabilitation needs as well as this program line item.
- ***Strategic Investments ($91 million):*** Staff is proposing several strategic investments that take into consideration synergies with other recent and proposed initiatives as well as the current state and local economic realties. Related to recent initiatives, staff is proposing to build on the momentum of the Corridor Mobility and Trade Corridor programs by recommending two additional projects that meet these investment priorities. Further, staff is recommending the restoration of partial funding to transit programs and projects that lost funding as a result of state and federal funding cuts. A brief description of each project as well as the proposed funding amount is included below:
    - *Corridor Mobility (Santa Clara Interstate 280 to Interstate 880 Direct Connector - $32 million):* This project will provide a direct freeway connector and interchange improvements to improve traffic operations, safety, and access. This project had been a candidate for Proposition 1B funding, and is now proposed as a strategic investment.
    - *Trade Corridor (Richmond Rail Connector - $8 million):* The Richmond Rail Connector is a rail connection between the BNSF Railroad's Stockton Subdivision and

Union Pacific Railroad's Martinez Subdivision near San Pablo, CA, just north of Richmond, CA. BNSF and UP, as well as the Capitol Corridor and Amtrak, all operate on the Martinez Subdivision. This project is needed to accommodate and better serve both current and future freight and passenger rail traffic on the Martinez Subdivision rail corridor while reducing the impacts on the local community. The proposed rail connector would eliminate the need for a number of long BNSF trains to continue to travel through downtown Richmond, thereby reducing traffic delays at local grade crossings, as well as vehicle emissions and noise impacts affecting Richmond residents. The estimated project cost is approximately $35m, with 50 percent of the project costs coming from the state Proposition 1B TCIF program, and additional funds coming from BNSF Railroad.

- *MTC Resolution 3814 Transit Payback Commitment ($31M):* As part of the Transit Policy established in June 2007, in conjunction with Proposition 1B funding, MTC committed $62 million in future spillover revenues for Lifeline, Small Operators, Samtrans Right-of-way Settlement, and two capital projects – BART to Warms Springs and eBART. Given the proposal to suspend funding to transit for five years, MTC is proposing to meet roughly half of this 10-year commitment through a combination of distributions to-date and the propsed cycle programming. However, the proposal would fully fund the Lifeline and Small Operator commitment while delaying any funding to the two capital projects. The table below provides the proposed distribution:

**STA Spillover Funding Agreement Per Resolution 3814**
**PROPOSITION 1B TRANSIT FUNDING PROGRAM -- POPULATION BASED SPILLOVER DISTRIBUTION**

| Apportionment Category | MTC Resolution 3814 Original Schedule | % | FY 2007-08 Spillover Distribution | Unfunded Commitment | Proposed for Funding | Remaining Commitment |
|---|---|---|---|---|---|---|
| Lifeline | $ 10,000,000 | 16% | $ 1,028,413 | $ 8,971,587 | $ 8,971,587 | $ - |
| Small Operators / North Counties | $ 3,000,000 | 5% | $ 308,524 | $ 2,691,476 | $ 2,691,476 | $ - |
| BART to Warm Springs | $ 3,000,000 | 5% | $ 308,524 | $ 2,691,476 | $ | $ 2,691,476 |
| eBART | $ 3,000,000 | 5% | $ 308,524 | $ 2,691,476 | $ | $ 2,691,476 |
| Samtrans | $ 43,000,000 | 69% | $ 4,422,174 | $ 38,577,826 | $ 19,288,913 | $ 19,288,913 |
| **Total** | **$ 62,000,000** | **100%** | **$ 6,376,158** | **$ 55,623,842** | **$ 30,951,976** | **$ 24,671,865** |

- *Transit Efficiency (SFgo -$20M):* The SFgo Arterial Traffic Management System project in San Francisco, originally proposed to received federal Urban Partnership Program funding, involves the installation of new communications network and advanced traffic signal control systems on the US 101 /Van Ness and Market Street corridors. This project will decrease traffic congestion and improve transit operations by synchronizing intersections, and furnishing and installing traffic cameras and variable message signs for traffic monitoring and information dissemination.